



# Moldova: Background and U.S. Policy

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## Summary

Although a small country, Moldova has been of interest to U.S. policymakers due to its position between NATO and EU member Romania and strategic Ukraine. In addition, some experts have expressed concern about alleged Russian efforts to extend its hegemony over Moldova through various methods, including a troop presence, manipulation of Moldova's relationship with its breakaway Transnistria region, and energy supplies and other trading links. Moldova's political and economic weakness has made it a source of organized criminal activity of concern to U.S. policymakers, including trafficking in persons.

From April to September 2009, Moldova was locked in a political crisis. The victory of the ruling Communist party in the April 2009 parliamentary elections sparked protests against alleged electoral fraud. Some demonstrators sacked and looted the parliament building and the offices of the president. A stalemate ensued when the Communists lacked the supermajority in parliament needed to elect a new president. This triggered new parliamentary elections on July 27, 2009. The center-right opposition won the vote, and in September 2009 they formed a new government headed by Prime Minister Vlad Filat. Filat has said that his government is attempting to dismantle the country's negative Communist legacy and build a state ruled by law. The new government has moved quickly to improve relations with Romania and the European Union. Due to continuing inability of the parliament to field the supermajority needed to elect a permanent president (the parliament speaker is currently the acting president), the new government will have to hold another round of parliamentary elections later this year, unless it can change the constitution to eliminate the supermajority provision.

Moldova is Europe's poorest country, according to the World Bank. Living standards are low for many Moldovans, particularly in rural areas. Remittances from Moldovans working abroad amounted to 31% of the country's Gross Domestic Product in 2008. The global financial crisis has had a negative impact on Moldova. The leu has weakened and remains under pressure. Remittances have dropped, as Moldovan emigrants have lost jobs in other hard-hit countries. Moldova's GDP dropped by 7.3% in 2009, on a year-on-year basis.

As a self-declared neutral country, Moldova does not seek NATO membership, but participates in NATO's Partnership for Peace (PFP) program. Moldova is currently negotiating an Association Agreement with the European Union (EU), which provides for cooperation in a wide variety of spheres and holds out the possibility of an eventual free trade agreement. Moldova hopes to become a candidate for EU membership, although the EU is unlikely to accept Moldova as a candidate in the foreseeable future, due to Moldova's poverty and the EU's own internal challenges.

The United States and Moldova have enjoyed good relations since the country's independence in 1991. The United States has supported democracy and free market reform in Moldova. The United States reacted cautiously to the outcome of the April 2009 Moldovan election, saying its view of the vote was "generally positive," but noting some problems. After the July 2009 election, a State Department spokesman noted that international observers reached a similar conclusion. The United States has tried to support the country's fragile sovereignty and territorial integrity by advocating the withdrawal of Russian forces from Moldova and the negotiation of a settlement of the Transnistria issue consistent with Moldova's territorial integrity.

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## Political Situation

Although a small country with a population of just over 4 million people, Moldova has been of interest to U.S. policymakers due to its position between NATO and EU member Romania and strategic Ukraine. In addition, some experts have expressed concern about alleged Russian efforts to extend its hegemony over Moldova through various methods, including a troop presence, manipulation of Moldova's relationship with its breakaway Transnistria region, and energy supplies and other trading links. Moldova's political and economic weakness has made it a source of organized criminal activity of concern to U.S. policymakers, including trafficking in persons and weapons.

The Communist Party of the Republic of Moldova (PCRM) held power in Moldova after winning parliamentary elections in 2001 and 2005. The PCRM's leader is Vladimir Voronin, who was elected by the parliament as president of Moldova after each of the Communists' election victories. The main base of the Communists' support has been among elderly people and rural voters.

In 2009, Moldova suffered a protracted political and constitutional crisis. On April 5, 2009, Moldova held parliamentary elections. The PCRM won 60 seats in the 101-seat parliament. Three parties from the center-right opposition won the remaining seats. The International Election Observers Mission (which included observers representing the Organization for Security and Cooperation in Europe, the Council of Europe, and the European Parliament), said that the election "met many international standards and commitments, but further improvements are required to ensure an electoral process free from undue administrative interference and to increase public confidence." The observers generally praised the conduct of the vote on election day and the ballot count, although some irregularities were reported. They cited concerns such as biased reporting by the state broadcaster, misuse of government resources to assist the PCRM, and frequent allegations of intimidation of voters and candidates, some of which were verified by the observers.<sup>1</sup>

The Communist victory sparked demonstrations on April 6 and 7. As many as 10,000 persons demonstrated in Chisinau, Moldova's capital, on April 7. Many demonstrators were peaceful, but some sacked and looted the parliament building and the offices of the president. More than 200 people were injured in clashes between the police and the rioters, and one person died. The authorities later arrested more than 300 people, allegedly for engaging in violence. Observers noted that young people predominated among the protestors, many of whom reportedly found out about the demonstrations through messaging tools such as Twitter and SMS.

Some observers have asserted that the demonstrators acted out of frustration with Moldova's limited economic opportunities and stagnation, which they associate with the Communists, as well as suspicions of electoral fraud. According to press accounts, in addition to anti-Communist slogans, some demonstrators chanted "we want to join Europe," and "we are Romanians," pointing to at least some support among the demonstrators for union with neighboring EU member-state Romania. President Voronin denounced the protests as an attempted coup d'état and

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<sup>1</sup> For a text of the observers preliminary report, see the OSCE website at [http://www.osce.org/documents/odihr/2009/04/37142\\_en.pdf](http://www.osce.org/documents/odihr/2009/04/37142_en.pdf)

vowed to put down any further riots with force, if necessary. Opposition leaders charged that journalists and students were arrested and in some cases beaten by authorities in the days after the violence.

According to Moldova's constitution, a three-fifths majority (61 votes) of the Moldovan parliament is required to elect a president. The PCRM was unable to secure the presidency for its candidate, as it was one vote short of the needed supermajority. This stalemate triggered new parliamentary elections, which were held on July 29, 2009. The campaign featured sharp rhetoric, much of it dealing with responsibility for the April 2009 violence. The turnout for the vote was just under 59%. The PCRM won 44.69% of the vote and 48 seats, 12 fewer than in April. The center-right Liberal Democratic Party received 16.57% of the vote and 18 seats. The center-right Liberal Party won 14.68% of the vote and 15 seats. Our Moldova, a centrist grouping led by former Communist officials from the early post-Soviet era, won 7.35% of the vote and 7 seats. The main beneficiary of the new election was the center-left Democratic Party, which did not win seats in the April vote. It received 12.55% of the vote and 13 seats. The Democratic Party's success may be largely due to Marian Lupu, a former Communist leader and parliament chairman. Lupu took over the leadership of the Democratic Party after a falling-out with Voronin in June 2009.

The International Election Observers Mission's assessment of the July elections was very similar to its judgment on the April vote. The observers said that the July election also "met many international standards" but stressed the need for further democratic reforms to restore public trust. The observers noted problems with "subtle intimidation and media bias," as well as continuing concerns about the accuracy of voter lists.<sup>2</sup>

The four opposition parties agreed to form a majority coalition on August 8. The coalition elected Mihai Ghimpu of the Liberal Party as parliamentary speaker. After Voronin resigned at the expiration of his term in September, Ghimpu became acting president, according to Moldova's constitution. Ghimpu then chose Vlad Filat, head of the Liberal Democratic Party, to form a new government. The parliament approved the coalition government on September 25.

On October 30, the parliament approved changes to the law on electing the president. Among other provisions, they clarified that parliament could not be dissolved before a full year had elapsed. This allowed the government to postpone a new election until this summer or fall. The six-member Constitutional Court has not ruled on the constitutionality of the changes. Efforts by the parliament to elect a permanent president in November and December failed, as Lupu, the new government's candidate, did not receive the supermajority needed to be elected.

Despite the continuing deadlock over the presidency, the government has been able to move forward with its priorities since September 2009. It passed the 2010 state budget at the end of December. It put the PCRM on the defensive by banning the use of communist symbols, investigating the crimes of the Soviet period and the alleged misdeeds of the former PCRM governments. It also removed PCRM supporters in the state-controlled media and in key administrative posts. The PCRM has complained vociferously about police harassment and other forms of alleged persecution by the new government. The government says it is rectifying alleged past PCRM abuse of these positions.

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<sup>2</sup> For a text of the observer mission's preliminary report, see [http://www.osce.org/documents/odihr/2009/07/39083\\_en.pdf](http://www.osce.org/documents/odihr/2009/07/39083_en.pdf)

Nevertheless, as noted above, the government's tenure could be cut short if the presidency issue is not resolved. In hopes of avoiding a new parliamentary vote, in March 2010 the governing coalition agreed that the parliament should change the constitution to eliminate the need for a supermajority to elect a president. The changes would then be submitted for a public referendum. The terms of the referendum have not been disclosed, but they could involve the parliament electing the president by a simple majority or having the president elected by the public. Parliament speaker Ghimpu has expressed support for making a large number of other constitutional changes, while Lupu wants the constitutional changes to focus narrowly on the method of presidential election. Some observers believe the government coalition could be split over differences between strongly anti-Communist, pro-Romanian parties such as Ghimpu's Liberal Party and Filat's Liberal Democratic Party on the one hand, and the more centrist Democratic Party on the other.

## Transnistria

Conflict between Moldovan forces and those of the breakaway "Dniestr Republic" (a separatist entity proclaimed in 1990 by ethnic Russian local officials in the Transnistria region of Moldova) erupted in March 1992. More than 300 people died in the violence. A cease-fire was declared in July 1992 that provided for Russian, "Dniestr Republic," and Moldovan peacekeepers to patrol a "security zone" between the two regions. Each of the peacekeeping contingents have roughly 400 personnel. They are overseen by a Joint Control Commission, which includes the three sides, as well as the OSCE as an observer.

The causes of the conflict are complex, involving ethnic factors and, above all, maneuvering for power and wealth among elite groups. Ethnic Russians and Ukrainians together make up 51% of Transnistria's population of about 522,000, while Moldovans are the single largest ethnic group, at 40%.

**Figure 1. Transnistria and Gagauz Regions**



Many analysts are convinced that a key factor obstructing a settlement is the personal interests of the leaders of the "Dniestr Republic" and associates in Moldova, Russia and Ukraine, who control the region's economy. They also allegedly profit from illegal activities that take place in Transnistria, such as smuggling and human trafficking. The 2008 State Department human rights report sharply criticized the poor human rights record of the "Dniestr Republic," noting its record of rigged elections and harassment of political opponents, independent media, many religious groups, and Romanian speakers.

Negotiations over the degree of autonomy to be accorded the Transnistria region within Moldova have been stalled for many years.<sup>3</sup> The two sides have negotiated over Transnistria's status with the mediation of Russia, Ukraine and OSCE. In 2005, at the urging of Ukraine and Moldova, the United States and the European Union joined the talks as observers, resulting in what is called the "5+2" format. In 2006, Moldova offered a "package" of proposals, in which Transnistria would have broad autonomy, but would remain part of Moldova. Moldova would reaffirm its neutral status and all foreign (i.e., Russian) troops would be withdrawn. Russian property rights in Transnistria would be recognized. Nevertheless, Transnistrian and Russian leaders, apparently satisfied with the present state of affairs, have blocked any agreement. In September 2006, Transnistria held a referendum on independence and union with Russia, which passed with 97% of the vote.

Since March 2006, the peace process in Transnistria had been stalled until a series of bilateral meetings between President Voronin and the "President" of Transnistria, Igor Smirnov, in 2008. In December 2008, they discussed restarting talks on Transnistria's status, as well as implementing confidence-building measures and ensuring the free flow of goods and persons. However, the talks made little sustained progress, with Smirnov calling on Moldova to recognize Transnistria's independence and refusing to restart the "5+2" talks.

Moldova's new government has renewed previous governments' calls for Russian troops to be withdrawn from Transnistria and peacekeepers from other countries to be deployed in their place. In March 2010, consultations among the parties in the 5+2 format took place. More informal talks have been scheduled, with hopes of resuming the formal negotiating process later this year. Moldova is seeking to elevate the role of the United States and EU to that of mediators, a concept that Transnistria rejects.

## Economy

According to the World Bank, Moldova's per capita Gross National Income of \$1,470 in 2008 makes it the poorest country in Europe. Living standards are poor for many Moldovans, with the greatest poverty in rural areas. In 2008, the average monthly wage was \$270. More than one-quarter of Moldova's economically active population works abroad. Remittances from those working abroad amounted to 31% of the country's Gross Domestic Product in 2008, according to the World Bank. Moldova's main natural resource is its rich soil. Agriculture, especially fruit, wine and tobacco, plays a vital role in Moldova's economy. Most of Moldova's industry is located in Transnistria.

Moldova has had mixed success in economic reform. Moldova has privatized its small- and medium-sized business sector, and it has had success in privatizing agricultural land. The sale of large firms stalled under Communist rule, and foreign direct investment (FDI) in Moldova is low. Cumulative FDI was \$1.8 billion at the end of 2007, or \$540 per capita. In comparison, neighboring Romania's FDI per capita was \$2,829. Key problems include poor governance, a weak judiciary, and corruption.

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<sup>3</sup> Another potential secession issue was defused in 1994, when the Moldovan parliament adopted a law establishing a "national-territorial autonomous unit" for the Gagauz minority. The region has its own elected legislative and executive authorities and would be entitled to secession from Moldova in the case of Moldova's reunification with Romania.



The global financial crisis has had a negative impact on Moldova. The leu, Moldova's currency, has weakened and remains under pressure. Remittances have dropped, as Moldovan emigrants have lost jobs in other hard-hit countries. Moldova's GDP dropped by 7.3% in 2009, on a year-on-year basis. The Economist Intelligence Unit forecasts that Moldova's GDP will increase by 1.5% in 2010. The economic downturn has cut Moldova's average consumer price inflation from 12.8% in 2008 to 0% in 2009.

In January 2010, the International Monetary Fund approved a \$574 million loan for Moldova. Under its terms, Moldova will have to cut its budget deficit from about 9% of GDP in 2009 to 7% in 2010 and 5% in 2011. The government plans cuts in government administration and increases in some taxes.

## Foreign Policy

Perhaps Moldova's most important foreign policy relationship is with Russia. More than 90% of its energy imports come from Russia, and Russia has been a key market for Moldova's exports. In the past, Moldova has accumulated large debts to Russian energy firms, which has provided Russia with leverage over Moldova. Some analysts charge that Russia has used negotiations over Transnistria to expand its political leverage over the country and to block any Moldovan moves toward Euro-Atlantic integration. The Transnistria issue is complicated by the continued presence of about 1,500 Russian troops in the breakaway region (including the approximately 400-person peacekeeping contingent in the security zone), as well as huge stockpiles of weapons and ammunition. Russia has flatly refused to honor commitments it made at the 1999 OSCE summit in Istanbul to withdraw its forces from Moldova. Russian leaders have also attempted to condition the withdrawal of Russian troops on the resolution of Transnistria's status. Russia has provided financial support to Transnistria, including grants and loans as well as subsidized energy. In return, Russian firms have assumed control over most of Transnistria's industry.

On January 1, 2006, Gazprom cut off natural gas supplies to Moldova, after Moldova rejected Gazprom's demand for a doubling of the price Moldova pays for natural gas. Gazprom restored supplies on January 17, in exchange for a slightly smaller price increase. Moldova also agreed to give Gazprom, already the majority shareholder, a higher equity stake in Moldovagaz, which controls Moldova's natural gas pipelines and other infrastructure. Gazprom also sought to complete the purchase of Transnistria's stake in Moldovagaz. Some analysts charge that Russia has used energy supplies and other trade as weapons to pressure Moldova to drop its pro-Western orientation and to turn its energy infrastructure over to Moscow. In 2005, Russia restricted wine and other agricultural imports from Moldova, allegedly over health concerns, dealing a very heavy blow to the country's economy. Russia finally permitted Moldovan wine imports again in November 2007, but Moldova's wine exports to Russia were reduced from former levels.

The Russian-Georgian conflict of August 2008 may have an impact on Moldova. Transnistrian authorities called for Russia and Ukraine to grant Transnistria diplomatic recognition as an independent state, as Moscow has done for Georgia's South Ossetia and Abkhazia regions. Transnistrian leader Igor Smirnov has called for Transnistria to be incorporated into Russia in the future. Smirnov has noted that over 120,000 people in Transnistria have Russian citizenship. This could serve as a pretext for Russian action, as Russian leaders have asserted the right to intervene militarily in other countries to protect Russian citizens. On the other hand, observers note that the case of Transnistria is different from that in Georgia in that Moldova is very unlikely to try to retake Transnistria by military force. Moreover, they point out that Russia does not have a

common border with Transnistria, as it does with Georgia. However, Russia may be pushing for a Transnistria settlement that would give the pro-Russian enclave effective veto power over the country's foreign and domestic policies, which could stymie Moldovan efforts toward European integration, in particular closer relations with NATO.

Russia congratulated the Moldovan Communists for their April 2009 election victory and echoed their criticisms of alleged Romanian meddling in Moldova's internal affairs. Voronin visited Moscow before both the April and July parliamentary elections. In a possible effort to influence the July vote, Russian Prime Minister Vladimir Putin raised the possibility that Russia could provide Moldova with a \$500 million loan. Despite its former support for the Communists, Russia responded in a measured fashion when a new pro-European integration government was formed after the July vote, and has signaled that it can work with the new leadership.

As a self-declared neutral country, Moldova does not seek NATO membership, but participates in NATO's Partnership for Peace (PFP) program. So far, the new Moldovan government has not sought to change this policy. The key foreign policy goal of the new government is to accelerate integration with the European Union (EU). Moldova currently has a Partnership and Cooperation Agreement (PCA) with the EU, which provides a framework for the EU's efforts to assist reforms in Moldova and for strengthening ties between the EU and Moldova. Moldova has implemented an Action Plan with the EU since 2005 in the context of the EU's European Neighborhood policy, which details reforms that Moldova intends to make with the EU's help. In January 2010, Moldova and the EU began talks on an Association Agreement to replace the current PCA. While the agreement would not recognize Moldova as a membership candidate, it would enhance EU-Moldova cooperation in many areas. Long-term goals of the agreement include a free trade zone and visa liberalization.

The EU budgeted 209.7 million Euro (\$310 million) in aid to Moldova between 2007 and 2010, a substantial sum for a small country. From 2011 to 2013, Moldova is slated to receive 273.14 million Euro (\$372.9 million) in aid from the EU.<sup>4</sup> The aid is targeted at bolstering Moldova's reform efforts, including fostering good government, the rule of law and the protection of fundamental freedoms. Other programs help Moldova improve its social protections, and its health care and education systems. EU aid also is allocated to help Moldova diversify its energy mix and improve energy efficiency. The EU has granted Moldova trade preferences that permits it to sell more of its wine and agricultural goods to the EU, enabling it to reduce its dependence on the Russian market. In 2008, the EU was Moldova's largest trading partner.

Since 2005, an EU mission has helped to monitor Moldova's Transnistria border with Ukraine, in an effort to deter smuggling. Many Transnistrian companies have registered in Moldova in order to benefit from EU trade preferences, a move that could counter pro-independence forces in Transnistria.

Moldova hopes to become a candidate for EU membership, although the EU is unlikely to accept Moldova as a candidate in the foreseeable future, due to Moldova's poverty and the EU's own internal challenges. In March 2009, the EU launched the Eastern Partnership Initiative, part of the EU's European Neighborhood program. The Partnership is aimed at developing a regional

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<sup>4</sup> European Commission, European Neighbourhood and Partnership Instrument: Republic of Moldova National Indicative Program 2011-2013, at [http://ec.europa.eu/world/enp/pdf/country/2011\\_enp\\_nip\\_moldova\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/2011_enp_nip_moldova_en.pdf)

approach to the EU's relations with the countries lying between the EU and Russia, to supplement the bilateral ties that the EU has with these states.

The EU took a low profile in the controversy over the April 2009 Moldovan election. The Czech EU Presidency called on all sides to engage in peaceful dialogue, and to respect the rule of law, freedom of expression, and media freedoms. The EU pressed Moldova to lift its visa regime against EU member state Romania, without success. After the July elections, EU foreign policy chief Javier Solana said that the election met many international standards, albeit with some shortcomings. He called on Moldovan leaders to move in a "spirit of reconciliation" and in a "speedy and inclusive manner" to elect a new president and government in order to tackle the country's serious problems.

Moldova's ties with Romania are a sensitive issue in both countries. Many Romanians consider Moldovans in fact to be Romanians, and support the eventual unification of the two countries. Although most independent experts consider the "Moldovan language" to be Romanian, the issue is a matter of political controversy in Moldova. After the incorporation of Moldova into the Soviet Union during World War II, Soviet authorities promoted the idea of a separate Moldovan language (using the Cyrillic rather than the Latin script), as a means of countering possible secessionist ideas. Those favoring the term "Moldovan" tend to favor Moldova's independence or close ties with Russia. Many persons favoring the term "Romanian" support union with Romania. In a 1994 referendum, more than 90% of Moldovans rejected unification with Romania. However, it is possible that more inhabitants of this impoverished country have begun to favor union with Romania since Bucharest became a member of the EU in 2007. Romania's entry into the EU led to hundreds of thousands of Moldovan applications to Romania for dual Romanian-Moldovan citizenship.

The riots in the wake of the April 2009 Moldovan parliamentary elections sharply increased tensions between the Moldovan government and Romania. President Voronin claimed that Romania instigated the riots, pointing to the Romanian flags some protestors displayed at the demonstrations. Moldova expelled Romania's ambassador from Chisinau, instituted a visa regime for Romanians visiting Moldova, and closed several border crossings with Romania. The new pro-Western, pro-Romanian government reversed the visa policy, signed an agreement with Romania to liberalize small-scale border traffic, and removed barbed wire obstructions from the border dating from the Soviet period. In February 2010, Romania agreed to provide 100 million Euro in aid to Moldova over the next three years.

## **U.S. Policy**

The United States and Moldova have enjoyed good relations since the country's independence in 1991. The United States has supported democracy and free market reform in Moldova. U.S. and other Western officials have been critical of some aspects of Moldova's democratic development, particularly its uneven record on media freedoms and its weak judiciary. They have also said Moldova needs to make more progress in fighting corruption and establishing an attractive business climate for investors.

The United States reacted cautiously to the outcome of the April 2009 Moldovan election. On April 7, State Department spokesman Robert Wood said that the U.S. view of the election was "generally positive," but said that the United States has not completed its assessment of the vote. He added that the United States urges Moldovans to "desist from any type of violent activity."

Similarly, U.S. Ambassador in Moldova Asif Chaudhry urged demonstrators not to engage in violence, and praised the government for its initial restraint as well as its decision to allow a recount and permitting the opposition to see voting lists. However, he expressed concern about government arrests of students and journalists after the violence.

After the July 2009 elections, Ambassador Chaudhry met with Voronin on August 4. Among other topics, the two men discussed a July 30 statement issued by Senate Foreign Relations Committee chairman Sen. John Kerry. The statement said that the fact that Moldovans participated in the election was “inspiring and reassuring,” but that it was “troubling” when political differences turn violent. Senator Kerry called on Moldova’s leaders to find “common ground” and “set aside their personal and political interests” in order to deal with the country’s problems. The statement also said that Moldova could become a bridge between central and eastern Europe rather than prey to competing spheres of influence.

Moldovan Prime Minister Vlad Filat visited Washington in January 2010, and met with senior U.S. officials. Filat sought U.S. support for his government’s reform efforts. Filat and Secretary of State Hillary Clinton signed a Millennium Challenge Corporation Compact that will provide Moldova with \$262 million over five years. The aid will finance improvements in Moldova’s agricultural sector and road network. Filat asked that the United States grant Moldova permanent Normal Trade Relations (PNTR) by terminating the application of the Jackson-Vanik amendment to Moldova. Such a move would require legislation by Congress.<sup>5</sup> During Filat’s visit, Moldova and the state of North Carolina renewed an agreement that since 1999 has provided a framework for cooperation in such areas as civil emergency, expansion of markets, and cultural, scientific, and academic exchanges.

Filat testified before the Commission on Security and Cooperation in Europe on January 21. He said that his government was seeking to establish the rule of law in Moldova. However, some Members criticized the Moldovan legal system’s weak reaction to an anti-Semitic incident in December 2009 when a group of demonstrators tore down a menorah in Chisinau, the capital. Filat condemned the incident and said he would launch a new investigation into it.

The United States has tried to support the country’s fragile sovereignty and territorial integrity by advocating the withdrawal of Russian forces from Moldova and for negotiating a settlement of the Transnistria issue consistent with Moldova’s territorial integrity within the 5+2 negotiating format. The United States has worked with the European Union to put pressure on the Transnistria leadership to end its obstructionist tactics in negotiations on the region’s future. On February 22, 2003, the United States and the European Union announced a visa ban against 17 top Transnistrian leaders. (In an effort to restore dialogue with Transnistria authorities, in February 2010 the EU has suspended the application of their visa ban for six months.) Other Transnistrian officials involved with the harassment of Latin-script schools were added to this list in 2004. The United States has refused to ratify the adapted Conventional Forces in Europe (CFE) treaty until several conditions are met, including the withdrawal of Russian troops from Moldova. In November 2007, Russia suspended its observance of the CFE Treaty, attributing the move to the failure of the United States and other countries to ratify the adapted treaty.

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<sup>5</sup> For more on the Jackson-Vanik amendment, see CRS Report RS 22398, *The Jackson-Vanik Amendment and Candidate Countries for WTO Accession: Issues for Congress*, by William Cooper.

The United States has called for continued cooperation on weapons proliferation and trafficking in persons. In May 2003, the United States imposed missile proliferation sanctions on two Moldovan firms for transferring equipment and technology to Iran. Transnistria has been a center for the trafficking of small arms to world trouble spots.

The new Moldovan government expressed support for the U.S. plan to deploy an anti-missile shield in neighboring Romania, saying that it would enhance European security. In contrast, the Transnistria leadership reiterated its willingness to allow Russia to deploy short-range missiles on its territory.

The 2009 State Department Trafficking in Persons report is critical of Moldova's record in this area. It noted that Moldova is a major source of women and girls trafficked for commercial sexual exploitation. It is a Tier 2 Watch List country. The report acknowledged some progress over the previous year, when Moldova was listed as Tier 3, meaning that it did not "fully comply with the minimum standards for the elimination of trafficking and is not making significant efforts to do so." However, the report says the government needs to make more progress in rooting out trafficking-related government corruption.

The United States has provided aid to Moldova to help meet political and economic reform objectives. According to the FY2011 Congressional Budget Justification for Foreign Operations, in FY2009 Moldova received an estimated \$15.574 million in U.S. aid. Moldova is slated to receive an estimated \$20.7 million in aid in FY2010. For FY2011, the Obama Administration has requested \$22.65 million in aid for Moldova.

U.S. aid is aimed at helping Moldova fight corruption and transnational crime, including trafficking in persons. U.S. assistance also supports independent media and non-governmental organizations in Moldova, as well as rule of law programs. U.S. economic aid is aimed at improving the business climate in Moldova, and helping the country diversify its exports. The United States donates humanitarian aid in the form of food and medicine to particularly vulnerable parts of Moldova's impoverished population. U.S. security assistance is used to help Moldova participate in Partnership for Peace exercises, and to develop its peacekeeping capacity and interoperability with NATO.

The 109<sup>th</sup> Congress approved legislation concerning Moldova. In February 2005, the Senate passed S.Res. 60, which expressed support for democracy in Moldova and called for the authorities to hold free and fair elections in March 2005. In March 2005, the Senate passed S.Res. 69, which called on Russia to honor its commitments to withdraw its troops from Moldova. S.Res. 530, passed in July 2006, called on President Bush during the Moscow G-8 summit to discuss frankly with President Putin a series of policies deemed to be inconsistent with G-8 objectives, including the January 2006 energy cut-off to Moldova.

The 110<sup>th</sup> Congress has also passed legislation concerning Moldova. S.Res. 278, passed on July 31, 2007, strongly urged Russia to reconsider its suspension of CFE implementation, and called on Moscow to "move speedily" to withdraw its troops and military equipment from Moldova. A House companion resolution, H.Res. 603, was introduced on August 1, 2007. H.Res. 457, introduced on June 5, 2007, calls on Russia to withdraw its forces and armaments from Moldova. It says the current Russian-Moldovan peacekeeping force in the security zone should be replaced by a multinational one under an OSCE mandate.

In the 111<sup>th</sup> Congress, the Senate passed S.Res. 56 on April 1, 2009. The resolution called on Moldova to hold free and democratic parliamentary elections on April 5. It notes that a genuinely democratic political system is a precondition for “full integration of Moldova into the Western community of nations.” The resolution says that the Senate “in light of the steps taken by the Government of Moldova, pledges the continued support of the United States Government for the establishment in Moldova of a fully free and democratic system, the creation of a prosperous market economy, and the assumption by Moldova of its rightful place as a full and equal member of the Western community of democracies.”

On January 27, 2009, Senator Lugar introduced S. 334, which terminates the application of Title IV of the Trade Act of 1974 (also known as the Jackson-Vanik amendment) for products of Moldova. If the bill were adopted, Moldova would receive permanent Normal Trade Relations with the United States.

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